

STATE ALLOCATION BOARD

1130 K Street, Suite 400

Sacramento, CA 95814

<http://www.dgs.ca.gov/opsc>

February 7, 2003
IMPLEMENTATION COMMITTEE
MINUTES
U.S. Bank Plaza
Sacramento, CA

Members Present

Bruce Hancock, SAB
Lori Morgan, OPSC
Jim Bush, CDE (First Part of Morning Only)
Kent Van Gelder, CDE (Later Part of Morning Only)
Dave Doomey, CASH
Gary Gibbs, CBIA
John Palmer, CASBO
Beth Hamby, LAUSD
Bill Cornelison, ACS
Dennis Dunston, CEFPI
Lenin Del Castillo, DOF
Dennis Bellet, DSA
Brian Wiese, AIA
Jay Hansen, SBCTC
Dave Walrath, SSDA (Alternate for Paul Hewitt)

Members Absent

Constantine Barranoff, SSD

The meeting on February 7, 2003 was called to order at 9:38 a.m., and there were 14 members present and 1 absent. The alternate representatives as noted above were introduced. The minutes from the January 7, 2003 meeting were accepted.

In response to inquiries, the Chair announced that the Use of New Construction Grants issue is anticipated to be presented to the March 7, 2003 Implementation Committee meeting. The Committee requested a status on its future item for Classroom Loading: Continuation High School and Community Schools. The Chair indicated that either a current status report or the actual issue paper would be presented to the March Committee meeting, as appropriate.

CRITICALLY OVERCROWDED SCHOOLS PROGRAM

Dave Zian, Lori Morgan, and T.J. Rapozo of the OPSC presented the item. Listed below are the salient discussion items and actions agreed:

Preliminary Apportionment Eligibility Criteria [d) Previous LPP, SFP Apportionments]

It was agreed to change the April 29, 2002 date contained in the proposal to November 5, 2002; allow districts with a previous *design only* apportionment for that project for which the application was accepted by the OPSC prior to November 5, 2002, to transition into the COS Program.

Preliminary Apportionment Fund Releases [a) Advance Fund Releases-Planning and Site]

The OPSC staff conveyed the findings of its Legal Counsel that advance fund releases are not permissible under the law for the COS Program, and that the current regulations are appropriate. Staff opposes providing advance fund releases on the primary grounds that is could result in inappropriate apportionments. As an alternative, staff is currently working closely with the State Treasurer's Office that has indicated their willingness to provide interim financing at attractive rates for districts with approved COS projects. It is anticipated that a report will be presented to the SAB in the near future detailing this opportunity.

It was also requested that the OPSC confer again with its Legal Counsel on the issue of qualifying or converting preliminary apportionments to final apportionments in "phases" as a possible alternative to enable access to actual funds.

CRITICALLY OVERCROWDED SCHOOLS PROGRAM (cont.)***Conversion of Preliminary Apportionment [c] SFP Criteria]***

As per the current regulations, a COS project preparing to convert to final apportionment is *not* required to re-justify the project under the COS Program criteria; the project must meet the SFP criteria for funding, as would any SFP project.

In-depth discussion occurred regarding the current requirements that a final apportionment request must have at least 75 percent of the pupils contained in the initial application. As a result, it was agreed to recommend regulation amendments to permit a district to use its remaining SFP eligibility if it no longer had at least 75 percent.

The proposed regulations will be presented to the SAB at its February 2003 meeting on an emergency basis.

Other Issues Discussed

Beyond the current law, the broader topic of overcrowding versus growth was introduced at the Committee meeting. It was acknowledged that this discussion could not impact the current programs administered by the SAB absent legislative remedy. The audience members requested a separate future meeting on this topic, which the Chair and OPSC agreed to help facilitate with the appropriate State entities, CASH and the impacted districts.

AB 1506 (WESSON) – GRANT INCREASE

Presentations of AB 1506 labor compliance program (LCP) issues have occurred at the November and December 2002 and January 2003 Committee meetings. At those meetings, the grant increases due to LCP's were briefly discussed and numerous requests for cost data were made. Based on the limited information submitted to date, an issue paper was presented to the Committee at its February meeting, and the salient discussion items are as follows:

Based on the preliminary information available, LCP costs are comprised of three areas: Initiation (start-up), monitoring and enforcement. Based on cost information received from two sources, estimates for new construction and modernization were presented (see Attachment). No data is available to date for enforcement costs.

It is anticipated that the vast majority of projects will not have any hearing and legal defense costs. It is questioned whether it would be appropriate to capture an amount, if any, into the per-pupil amount for these unlikely costs. A Committee member suggested the possibility of insurance or bonding for these legal enforcement costs, and that the insurance coverage costs would be attainable.

Several suggestions were offered to proceed with the per-pupil increases based on the best information available and then monitor the LCP costs for a year with the possibility of future adjustments, if warranted.

The Chair reiterated the request for assistance from interested parties with knowledge in this area and that districts conduct cost research to submit per-pupil cost data to the OPSC immediately.

The draft copy of the LCP guidebook from the AB 1506 workgroup was provided to the Department of Industrial Relations (DIR), who has completed and will be issuing the guidebook. It is anticipated that the DIR will have the guidebook available to the districts in the next week or so.

Discussion regarding per-pupil grant adjustments to address the LCP costs will return to the March and possibly to the April 2003 Implementation Committee meetings. Presuming regulations could be presented on an emergency basis, these proposed regulations must be presented to the SAB no later than the May 2003 SAB meeting to meet the time requirements set in law. However, it is the OPSC's goal to present the proposed regulations to the SAB as soon as possible.

ADJOURNMENT AND NEXT MEETING

The meeting continued through the typical lunch period and adjourned at approximately 1:00 pm. The next Implementation Committee meeting will be on Friday, March 7, 2003 at the US Bank Plaza in Sacramento, CA.

ATTACHMENT

State Allocation Board Implementation Committee Meeting Minutes February 7, 2003

Implementation of AB 1506 Grant Adjustments for Labor Compliance Programs

NEW CONSTRUCTION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
HS Addition	\$16,500,000	63,000	18 months	540	\$82,875	\$153.47	\$76.74	0.50%
New Elem	\$15,000,000	65,000	16 months	900	\$75,225	\$83.58	\$41.79	0.50%
New High School	\$17,000,000	85,000	18 months	1,200	\$85,000	\$70.83	\$35.42	0.50%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$102,000	\$68.00	\$34.00	0.41%
New High School	\$75,000,000	325,000	37 months	3,500	\$297,500	\$85.00	\$42.50	0.40%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil		
HS Addition	\$16,500,000	63,000	18 months	540	\$60,320	\$111.70	\$55.85	0.37%
New Elem	\$15,000,000	65,000	16 months	900	\$55,840	\$62.04	\$31.02	0.37%
New High School	\$17,000,000	85,000	18 months	1,200	\$60,320	\$50.27	\$25.13	0.35%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$137,600	\$91.73	\$45.87	0.55%
New High School	\$75,000,000	325,000	37 months	3,500	\$351,520	\$100.43	\$50.22	0.47%

Estimate No. 1 Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases.

Estimate No. 2 For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$20 thousand was added to each of the estimates above.

ATTACHMENT

State Allocation Board Implementation Committee Meeting Minutes February 7, 2003

Implementation of AB 1506 Grant Adjustments for Labor Compliance Programs

MODERNIZATION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$39,747	\$40.07	\$24.04	0.71%
BV High	\$2,000,000	28,199		405	\$15,479	\$38.22	\$22.93	0.77%
C High	\$1,200,000	21,189		237	\$11,631	\$49.08	\$29.45	0.97%
H Elem	\$1,900,000	24,477		531	\$13,436	\$25.30	\$15.18	0.71%
R Elem	\$2,400,000	29,784		475	\$16,349	\$34.42	\$20.65	0.68%
S Elem	\$2,400,000	35,310		744	\$19,383	\$26.05	\$15.63	0.81%
Totals	\$15,500,000	211,367		3,384	\$116,025	\$34.29	\$20.57	0.75%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$50,320	\$50.73	\$30.44	0.90%
BV High	\$2,000,000	28,199		405	\$23,440	\$57.88	\$34.73	1.17%
C High	\$1,200,000	21,189		237	\$23,440	\$98.90	\$59.34	1.95%
H Elem	\$1,900,000	24,477		531	\$23,440	\$44.14	\$26.49	1.23%
R Elem	\$2,400,000	29,784		475	\$30,160	\$63.49	\$38.10	1.26%
S Elem	\$2,400,000	35,310		744	\$30,160	\$40.54	\$24.32	1.26%
Totals	\$15,500,000	211,367		3,384	\$117,520	\$34.73	\$20.84	0.76%

Estimate No. 1 Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases. In this estimate, the firm gave a quote for all the projects as a single contract. This quote was prorated here for the purpose of the discussion.

Estimate No. 2 For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$10 thousand was added to each of the estimates above.